

Exhibit I

musicians that allows you to upload photos, MP3s, and upcoming tour dates; a shopping cart that allows you to sell downloads of your music and merchandise; and finally, a mailing-list service that allows fans to stay in touch. Furthermore, Bandcamp is truly a Web 2.0 site, in that it also includes syncing with other online music retailers and with other social networks.

Apps for Artists

How They Work

App is short for “application software” and is essentially a website designed to be accessed and viewed on Internet-connected mobile phones. The music industry increasingly sees mobile **apps** as an important distribution channel. Among the most successful music-based **apps** are Shazam (which identifies songs on the fly); Internet radio services Last.fm, Pandora, and Slacker; and Tap Tap Revenge, a music-based game. In fact, “Music” is the second-ranked app category on the iPad and iPhone (after News), according to Nielsen.

There are more than 300,000 **apps** available on iPhone, with five billion downloads, and 120,000 for Google’s Android, with one billion downloads.¹⁰ Currently, Blackberry users have access to only a small fraction of that number (approximately 10,000) although companies like Mobile Roadie are in the process of designing thousands more for the Blackberry. The future of **apps** seems bright, as currently 25 percent of U.S. mobile customers use smart phones including the iPhone, Blackberry, and Android, and by 2011 that percentage is expected to double. Worldwide, the number of mobile phone subscriptions is estimated at over five billion. Moreover, Microsoft recently launched its Windows Phone 7 operating system, which has received positive reviews for its slick design, intuitive interface, and integrated content-aggregation strategy that mixes third-party **apps** with Microsoft services such as Bing, Zune, and Xbox Live. It is reported that more than 300,000 developers have signed up to its developer program. The chart on the following page shows the lay of the land with respect to the different smart phones’ market share and share of worldwide app downloads.

Should You Get One, and How Much Will It Cost?

So should artists have their own **apps**? Companies such as Mobile Roadie, which designed Madonna’s app, charge from \$499 for setup and \$29 per-month maintenance to \$1,999 for setup and \$99 per-month for additional features such as horizontal views. iLike is charging artists a onetime fee of \$99 and will also participate in a revenue-sharing deal for those that want to charge for their applications (the current plan is for a fifty-fifty split). Artists that give their application away for free will have to pay only the initial fee. An app can be used for the same purposes as a website: promoting new music, videos, and shows; selling merchandise and music; posting news

10. “10 Reasons Why Windows Phone 7 Has Its Work Cut Out,” <http://economictimes.indiatimes.com/tech/hardware/10-reasons-why-windows-phone-7-has-its-work-cut-out/articleshow/7136846.cms>.